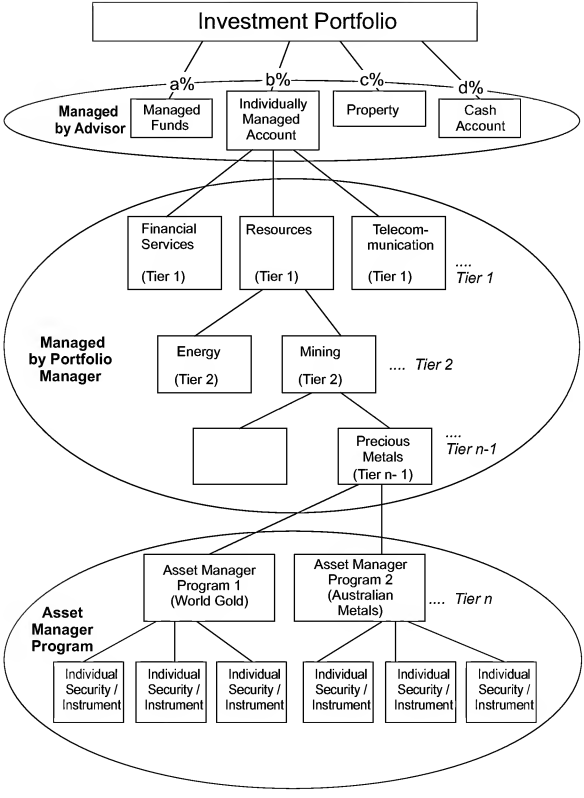
Investment Portfolio
a%
b%
c%
d%
Managed by Advisor
Managed Funds
Individually Managed Account
Property
Cash Account
Financial Services (Tier 1)
Resources (Tier 1)
Telecom-munication (Tier 1)
.... Tier 1
Managed by Portfolio Manager
Energy (Tier 2)
Mining (Tier 2)
.... Tier 2
Precious Metals (Tier n- 1)
.... Tier n-1
Asset Manager Program
Asset Manager Program 1 (World Gold)
Asset Manager Program 2 (Australian Metals)
.... Tier n
Individual Security / Instrument
Individual Security / Instrument
Individual Security / Instrument
Individual Security / Instrument
Individual Security / Instrument
Individual Security / Instrument

Figure 1

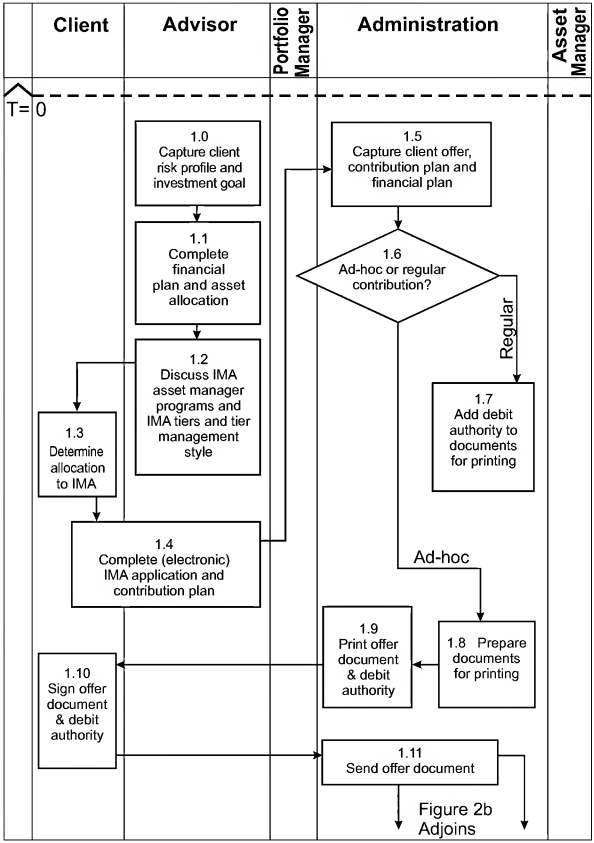
Client
Advisor
Portfolio Manager
Administration
Asset Manager
T= 0
1.0 Capture client risk profile and investment goal
1.1 Complete financial plan and asset allocation
1.2 Discuss IMA asset manager programs and IMA tiers and tier management style
1.3 Determine allocation to IMA
1.4 Complete (electronic) IMA application and contribution plan
1.5 Capture client offer, contribution plan and financial plan
1.6 Ad-hoc or regular contribution?
Regular
1.7 Add debit authority to documents for printing
Ad-hoc
1.8 Prepare documents for printing
1.9 Print offer document & debit authority
1.10 Sign offer document & debit authority
1.11 Send offer document
Figure 2b Adjoins

Figure 2a

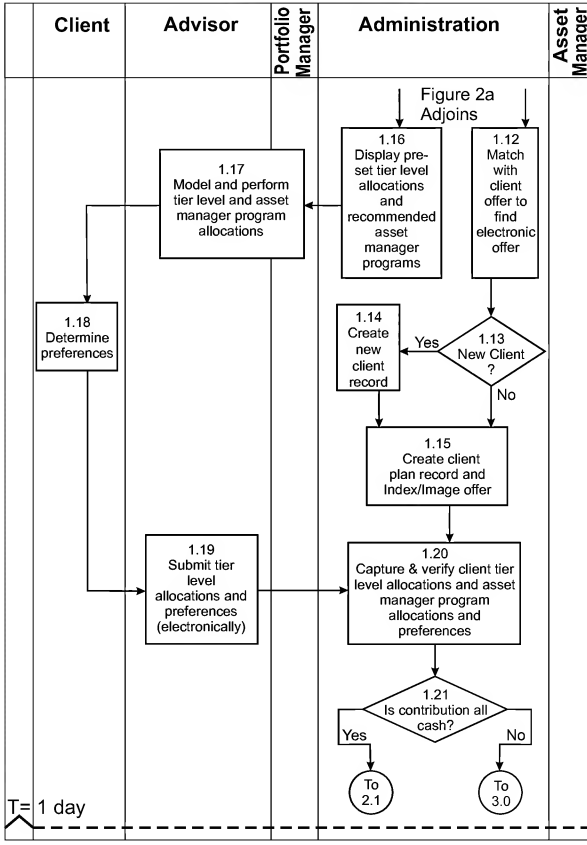
Client
Advisor
Portfolio Manager
Administration
Asset Manager
Figure 2a Adjoins
1.16 Display pre-set tier level allocations and recommended asset manager programs
1.12 Match with client offer to find electronic offer
1.17 Model and perform tier level and asset manager program allocations
1.18 Determine preferences
1.14 Create new client record
Yes
1.13 New Client ?
No
1.15 Create client plan record and Index/Image offer
1.19 Submit tier level allocations and preferences (electronically)
1.20 Capture & verify client tier level allocations and asset manager program allocations and preferences
1.21 Is contribution all cash?
Yes
No
To 2.1
To 3.0
T= 1 day

Figure 2b

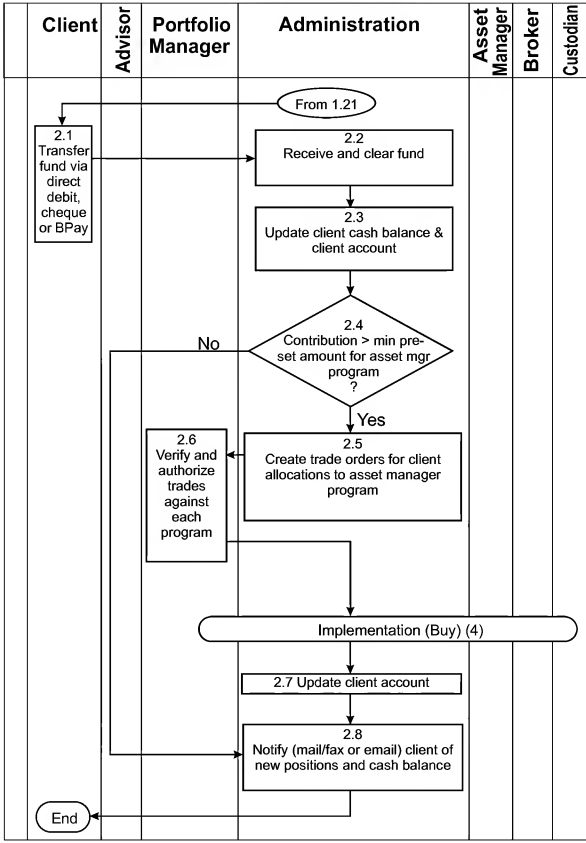
Client
Advisor
Portfolio Manager
Administration
Asset Manager
Broker
Custodian
From 1.21
2.1 Transfer fund via direct debit, cheque or BPay
2.2 Receive and clear fund
2.3 Update client cash balance & client account
2.4 Contribution > min pre-set amount for asset mgr program ?
No
Yes
2.6 Verify and authorize trades against each program
2.5 Create trade orders for client allocations to asset manager program
Implementation (Buy) (4)
2.7 Update client account
2.8 Notify (mail/fax or email) client of new positions and cash balance
End

Figure 3

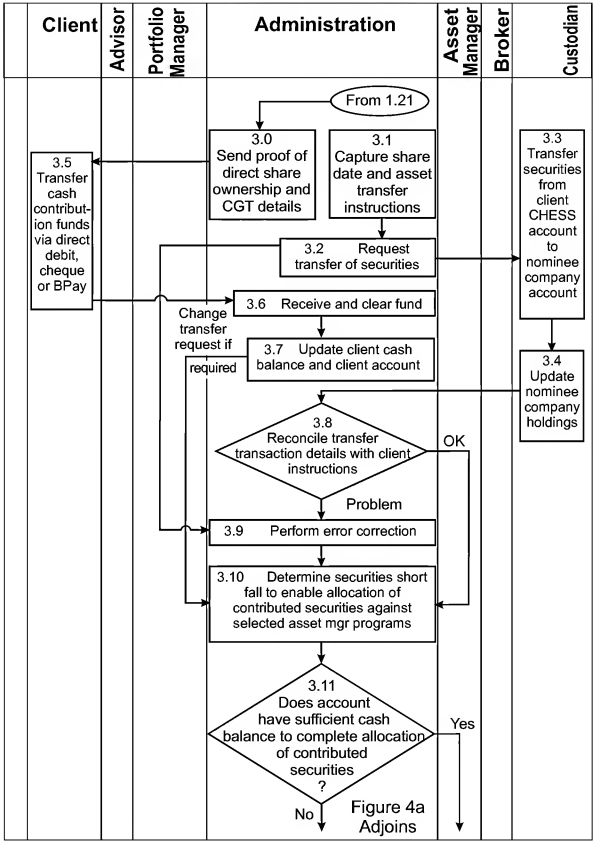
Client
Advisor
Portfolio Manager
Administration
Asset Manager
Broker
Custodian
From 1.21
3.0 Send proof of direct share ownership and CGT details
3.1 Capture share date and asset transfer instructions
3.3 Transfer securities from client CHESS account to nominee company account
3.5 Transfer cash contribut-ion funds via direct debit, cheque or BPay
3.2 Request transfer of securities
3.6 Receive and clear fund
Change transfer request if required
3.7 Update client cash balance and client account
3.4 Update nominee company holdings
3.8 Reconcile transfer transaction details with client instructions
OK
Problem
3.9 Perform error correction
3.10 Determine securities short fall to enable allocation of contributed securities against selected asset mgr programs
3.11 Does account have sufficient cash balance to complete allocation of contributed securities ?
Yes
No
Figure 4a Adjoins

Figure 4a

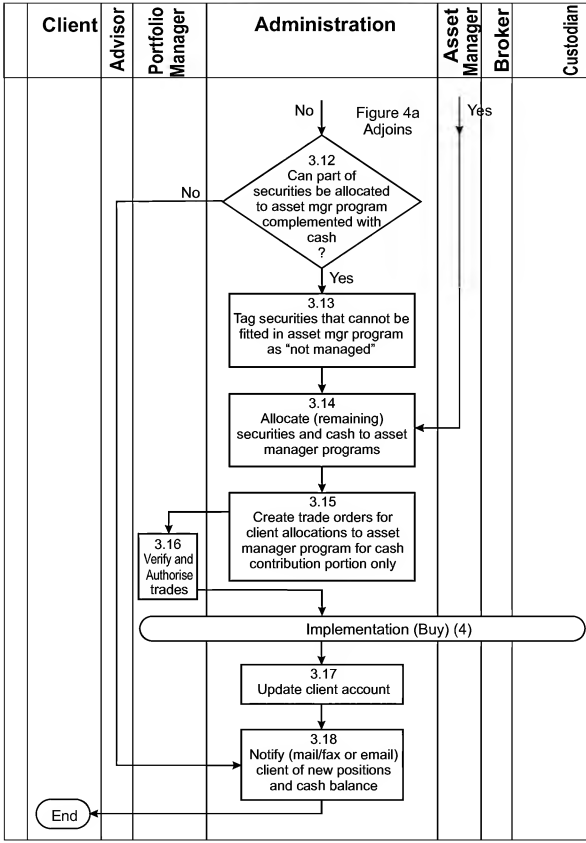
Client
Advisor
Portfolio Manager
Administration
Asset Manager
Broker
Custodian
No
Figure 4a Adjoins
Yes
3.12 Can part of securities be allocated to asset mgr program complemented with cash ?
No
Yes
3.13 Tag securities that cannot be fitted in asset mgr program as "not managed"
3.14 Allocate (remaining) securities and cash to asset manager programs
3.15 Create trade orders for client allocations to asset manager program for cash contribution portion only
3.16 Verify and Authorise trades
Implementation (Buy) (4)
3.17 Update client account
3.18 Notify (mail/fax or email) client of new positions and cash balance
End

Figure 4b

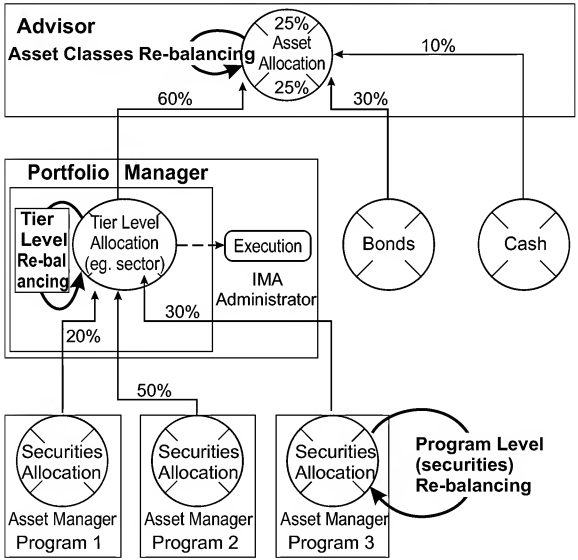
Advisor
Asset Classes Re-balancing
25%
Asset
Allocation
25%
10%
60%
30%
Portfolio Manager
Tier
Level
Re-bal
ancing
Tier Level
Allocation
(eg. sector)
Execution
IMA
Administrator
Bonds
Cash
30%
20%
50%
Securities
Allocation
Asset Manager
Program 1
Securities
Allocation
Asset Manager
Program 2
Securities
Allocation
Asset Manager
Program 3
Program Level
(securities)
Re-balancing

Figure 5

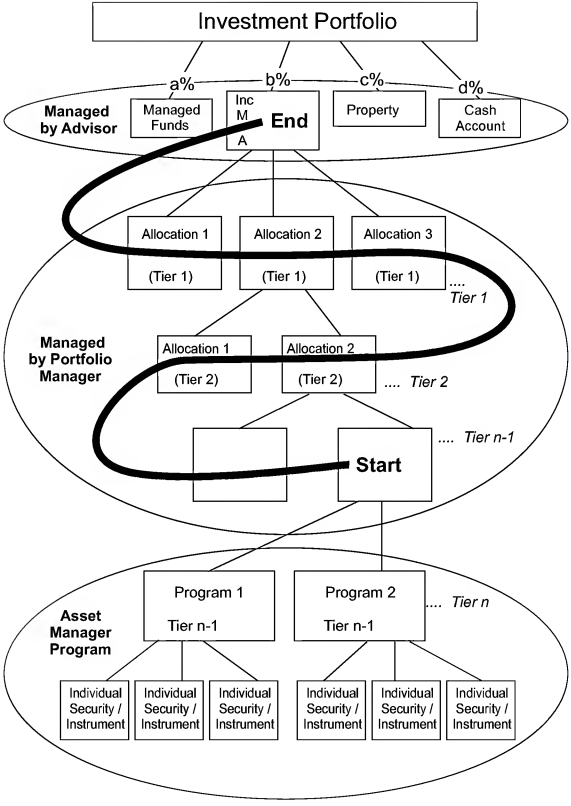
Investment Portfolio
a%
b%
c%
d%
Managed by Advisor
Managed Funds
Inc M A
End
Property
Cash Account
Allocation 1
(Tier 1)
Allocation 2
(Tier 1)
Allocation 3
(Tier 1)
.... Tier 1
Managed by Portfolio Manager
Allocation 1
(Tier 2)
Allocation 2
(Tier 2)
.... Tier 2
.... Tier n-1
Start
Asset Manager Program
Program 1
Tier n-1
Program 2
Tier n-1
.... Tier n
Individual Security / Instrument
Individual Security / Instrument
Individual Security / Instrument
Individual Security / Instrument
Individual Security / Instrument
Individual Security / Instrument

Figure 6

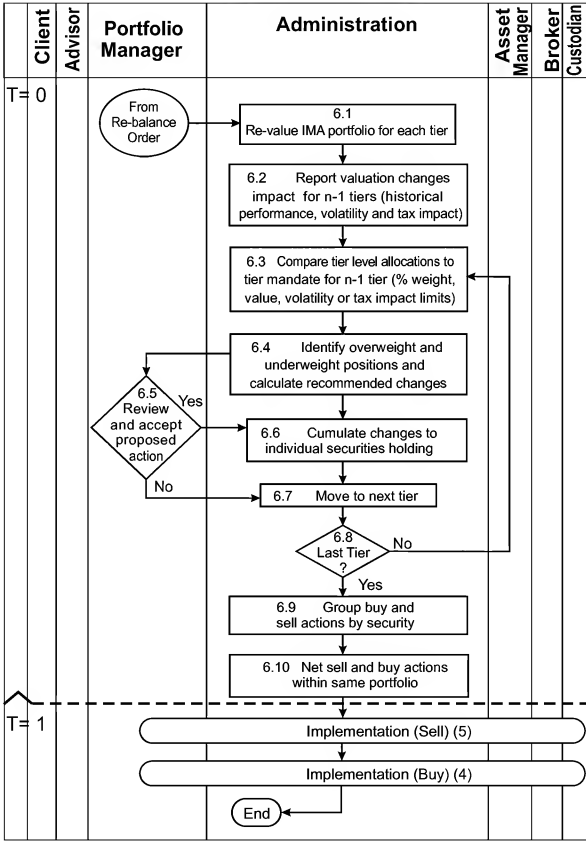
Client
Advisor
Portfolio Manager
Administration
Asset Manager
Broker
Custodian
T= 0
From Re-balance Order
6.1 Re-value IMA portfolio for each tier
6.2 Report valuation changes impact for n-1 tiers (historical performance, volatility and tax impact)
6.3 Compare tier level allocations to tier mandate for n-1 tier (% weight, value, volatility or tax impact limits)
6.4 Identify overweight and underweight positions and calculate recommended changes
6.5 Review and accept proposed action
Yes
No
6.6 Cumulate changes to individual securities holding
6.7 Move to next tier
6.8 Last Tier ?
No
Yes
6.9 Group buy and sell actions by security
6.10 Net sell and buy actions within same portfolio
T= 1
Implementation (Sell) (5)
Implementation (Buy) (4)
End

Figure 7

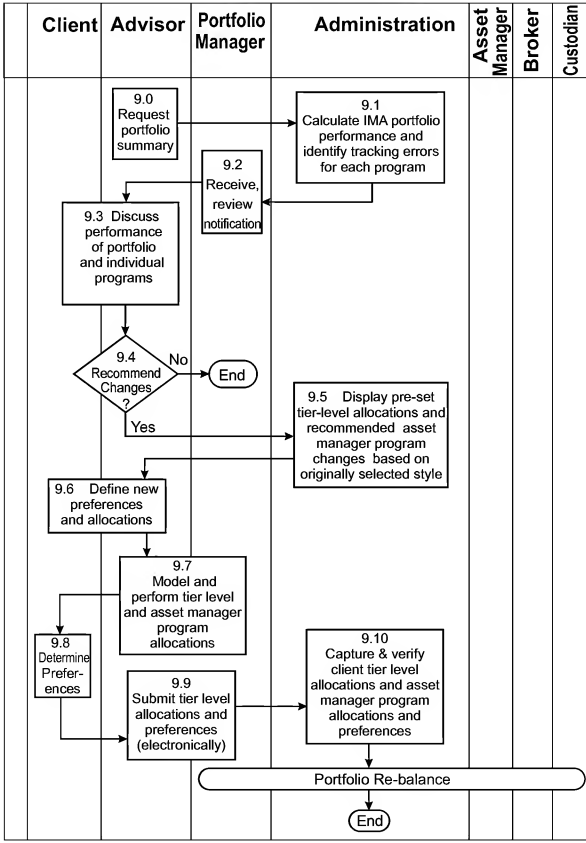
Client
Advisor
Portfolio Manager
Administration
Asset Manager
Broker
Custodian
9.0 Request portfolio summary
9.1 Calculate IMA portfolio performance and identify tracking errors for each program
9.2 Receive, review notification
9.3 Discuss performance of portfolio and individual programs
9.4 Recommend Changes ?
No
End
Yes
9.5 Display pre-set tier-level allocations and recommended asset manager program changes based on originally selected style
9.6 Define new preferences and allocations
9.7 Model and perform tier level and asset manager program allocations
9.8 Determine Prefer-ences
9.9 Submit tier level allocations and preferences (electronically)
9.10 Capture & verify client tier level allocations and asset manager program allocations and preferences
Portfolio Re-balance
End

Figure 8